

## **REMARKS**

### **DETAILED ACTION**

#### ***Response to Amendment***

This Office Action is responsive to Applicant's arguments and request for reconsideration of application 09/805,485 (03/13/01) filed on 05/07/07.

#### **Claim Rejections – 35 USC § 101**

Claim 1 is rejected under 35 U.S.C. 101 as being directed to non-statutory subject matter. The claimed invention is directed to multiple statutory classes because it is a system that contains method steps. Dependent claims 2, 3, 6, 7, 12, 13 and 14 are rejected under the same rationale.

Applicant has amended the claim to change the one method step into a device.

Claims 1 and 15 are rejected under 35 U.S.C. 101 because they fail to produce a useful, concrete and tangible result. Dependent claims 2, 3, 6, 7, 12, 13, 14, 16, 17 and 19 are rejected under the same rationale.

Applicant believes the claims produce a useful, concrete and tangible result, to provide a system and method for providing financial transactions on the Internet.

#### **Claim Rejections – 35 USC § 112**

Claim is rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

**Claim 1** is rejected for the following:

Claim 1 is rejected under 35 U.S.C. 112, second paragraph, as being incomplete for omitting essential structural cooperative relationships of elements, such as omission amounting to a gap between the necessary structural connections. See MPEP § 2172.01

Applicant has amended Claim 1 to put in structural relationships of the elements.

Claim 1 is rejected under 35 U.S.C. 112, second paragraph, because none of the claim limitations have any functionality.

In the present instance, claim 1 recites the broad recitation "card present transaction using outside company proprietary devices", and the claim also recites "(i.e., eConnect, eCashPad)" which is the narrower statement of the range/limitation.

Applicant has amended this language in the claims.

Claim 1 recites the limitations, "wherein all forms of payments outside of credit card are treated as an ACH transaction; wherein said system places each ACH transaction into an escrow account on behalf of a purchaser and said ACH transaction is held there until said merchant completes said transaction;" These limitations render the claim indefinite because it is unclear what is necessary to infringe the claim (a) a system or (b) a system used in the method and manner recited.

Claim 1 has been amended appropriately.

Claim 1 recites the limitations "forms of payment", "said system further comprising an encryption algorithm" and "escrow system". These are not tangible structural things. Thus, similarly "wherein said form of payment is selected from the group consisting of..." does not have structure.

Applicant has amended the claim accordingly.

**Claim 15** is rejected for the following:

Claim 15 recites a limitation wherein merchants are notified of "processing center and rates of said banks" in line 13. It is unclear what the rates.

Applicant has amended the claim accordingly.

The "if" recited in "wherein if said user does not get a processing center quote" is optional or conditional language. There is no requirement if the user does get a processing center quote. See MPEP § 2106 II. (C).

Applicant has amended the claim accordingly.

"an ASP/e-commerce site programming organization downloads Internet service access processing engine and links this to an e-commerce site." It is unclear what is meant by "this."

Claim 15 does not say this, it says said user.

Dependent claims 16 and 17 are rejected under the same rationale.

For purposes of examination: The following limitation in claim 15 "wherein if said user does not get a processing center quote, an ASP/e-commerce site programming organization downloads Internet service access processing engine and links this to an e-commerce site" is interpreted as, If the user cannot get

access to information, the information can be downloaded/obtained from somewhere else such as an external website.

**Claim Rejections – 35 USC § 102**

**Claims 1-3, 6, 7, 12, 13 and 14** are rejected under 35 U.S.C. 102(e) as being anticipated by Morea, Pub. No. US 2002/0120537 A1.

**Re Claim 1:** Morea discloses a system for providing financial transactions on the Internet comprising:

- a computer system linked to the Internet (see Morea, Abstract);
- a merchant bank linked to a processing center (See Morea, fig. 12,402,204);
- forms of payment (See Morea, fig. 14 "Payment Types"); and
- an escrow system (See Morea, ¶ [0003],[0073]; claim 47);
- wherein said form of payment is selected from the group consisting of; manual entered credit card, card present transaction using outside company proprietary devices (i.e., eConnect, eCashPad), PIN Debit transactions using same type of card present devices, on-line check, savings account drafts, money market checks, margin security check, on-line credit line pulls, wire transfers, sight drafts, letter's of credit, and similar forms of payment (See Morea, Fig. 3, 92-payment methods);
- wherein all forms of payments outside of credit card are treated as an ACH transaction (See Morea, Fig. 3, 92-ACH/EFT);

wherein said system places each ACH transaction into an escrow account on behalf of a purchaser and said ACH transaction is held there until said merchant completes said transaction (See Morea, ¶ [0003], [0073], claim 47).

said system further comprising an encryption algorithm for encrypting a transaction (See Morea¶ [0121] [ 0121[ Inherent attributes of encryption is that information is encrypted when it is loaded/entered and before transmission and the information is unable to be de-encrypted until it is received. Encryption is security feature and it would defeat the purpose if the information could be tapped into during transmission. Furthermore, it is impossible to de-crypt something before you receive or have it. See MPEP § 2112 [R-3]]);

said encryption algorithm taking a transaction and encrypting it as a purchaser loads data into a shopping cart payment process (See Morea¶ [0121] [0121] Inherent attributes of encryption is that information is encrypted when it is loaded/entered and before transmission and the information is unable to be de-encrypted until it is received. Encryption is security feature and it would defeat the purpose if the information could be tapped into during transmission. Furthermore, it is impossible to de-crypt something before you receive or have it. See MPEP § 2112 [R-3])).

The Examiner states that it is inherent to encrypt and decrypt data. However, when and where the encryption and description takes places is not inherent. In Claim 1, the encryption takes place as a purchaser loads data into a shopping cart data process. Morea does not teach this nor is it inherent in

Morea. Further, the de-encryption is stated to take place as the transaction reaches the processing center. Again, Morea does not teach when and where the de-encryption takes place.

Therefore Claim 1 is not anticipated or obvious over Morea.

**Re Claim 2:** Morea discloses the system of Claim 1 wherein said system matches a zip code of said merchant to banks having zip codes nearby and sends an application to said banks for a quote (See Morea, Fig. 13, Claim 53).

With regards to Claim 2, the Examiner points to Claim 53 which states that the system can include buyer information which includes a zip code. Claim 2 requires that the system of the present invention matches the zip code of a merchant to a bank having the same zip code or a nearby zip code. This is not taught by Morea. Therefore Claim 2 is not anticipated or obvious over Morea.

**Re Claim 3:** Morea discloses the system of Claim 1 wherein said banks include national syndicated banks, international banks and offshore banks (See Morea, ¶ [0003], [0031], [0041], [0071], Claims 10 and 36).

For the reasons stated above for Claim 1, Claim 3 is not obvious over Morea.

**Re Claim 6:** Morea discloses the system of claim 1 wherein a purchaser can interact with a processing center on-line in selecting alternative payment methods if said first form of payment chosen by a purchaser does not have available funds (See Morea, figs. 1-4).

Morea does not teach that first a purchaser interacts with a processing center and if they are denied from the processing center, alternative payment methods can be found and such service can be done on line. For this reason Claim 6 is not anticipated or obvious over Morea.

**Re Claim 7:** Morea discloses the system of claim 1 further comprising; a foreign currency exchange for a purchaser if an ACH form of payment has been selected (See Morea, ¶ [0003], [0031], [0041], [0071], claims 10 and 36).

For the reasons stated above for Claim 1, Claim 7 is not anticipated or obvious over Morea.

**Re Claim 12:** Morea discloses the system of claim 1 further comprising; said system electronically matching and clearing said transaction by moving funds out of said escrow into a merchant account (see Morea, ACH).

For the reasons stated above for Claim 1, Claim 12 is not anticipated or obvious over Morea.

**Re Claim 13:** Morea discloses the system of claim 12, wherein said system provides notification to said purchaser that a time limit of said escrow has ended and allows said purchaser either to extend said escrow or request a refund of funds (See Morea, ¶ [0003], [0073]; claim 47).

Morea does not teach a time limit of the escrow and allowing the purchaser to extend the escrow or request a refund of the escrow. None of the paragraphs cited by the Examiner teach this. Therefore Claim 13 is not anticipated or obvious over Morea.

**Re Claim 14:** Morea discloses the system of claim 1 further comprising; an accounting system that stores details of transactions for retrieval (See Morea, figs. 3-4).

Morea does not teach an accounting system which stores details of each of the transactions that occur. Therefore, Claim 14 is not anticipated or obvious over Morea.

### **Claim Rejections – 35 USC § 103**

The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

**Claims 1, 2, 3, 6, 7, 12, 13, 14, 15, 16, 17 and 19** are rejected under 35 U.S.C. 103(a) as being unpatentable over Morea, US Pub. NO. 2002/0120537.

**Re claim 1:** Morea discloses a system for providing financial transactions on the Internet comprising:

a computer system linked to the Internet (See Morea, Abstract);

a merchant bank linked to a processing center (See Morea, fig. 12,402,204);

forms of payment (See Morea, fig. 14 "Payment types"); and

an escrow system (See Morea, ¶ [0003], [0073]; claim 47);



wherein said form of payment is selected from the group consisting of; manual entered credit card, card present transaction using outside company proprietary devices (i.e., eConnect, eCashPad), PIN Debit transactions using same type of card present devices, on-line check, savings account drafts, money market checks, margin security check, on-line credit line pulls, wire transfers, sight drafts, letter's of credit, and similar forms of payment (See Morea, Fig. 3, 92-payment methods);

wherein all forms of payments outside of credit card are treated as an ACH transaction (See Morea, Fig. 3, 92-ACH/EFT);

wherein said system places ACH transaction into an escrow account on behalf of a purchaser and said ACH transaction is held there until said merchant completes said transaction (See Morea, ¶ [0003], [0073], claim 47).

wherein data is encrypted while it is being sent and wherein only the intended user can see the data in the de-encrypted form (See Morea¶ [0121] [0121]).

Morea fails to explicitly disclose a system.

said system further comprising an encryption algorithm for encrypting a transaction;

said encryption algorithm taking a transaction and encrypting it as a purchaser loads data into a shopping cart payment process; and

said encryption algorithm taking a transaction and encrypting it as a purchaser loads data into a shopping cart payment process.

It is old and well-known in the art that information is encrypted when it is loaded/entered and before transmission and the information is unable to be de-encrypted until it is received. Specifically it is old and well known to have a system: said system further comprising an encryption process for encrypting a transaction; said encryption process taking a transaction and encrypting it as a purchaser loads data into a shopping cart payment process; and said encryption process taking a transaction and encrypting it as a purchaser loads data into a shopping cart payment process.

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the teachings of Morea to provide a system: said system further comprising an encryption algorithm for encrypting a transaction; said encryption algorithm taking a transaction and encrypting it as a purchaser loads data into a shopping cart payment process; and said encryption algorithm taking a transaction and encrypting it as a purchaser loads data into a shopping cart payment process.

One would have been motivated by security because it would defeat the purpose if the information could be tapped into during transmission. Furthermore, it is impossible to de-crypt something before you receive or have it.

Although the Examiner is true that when information is loaded it can be encrypted and when it is received it can be decrypted what is new and novel is where the information is encrypted and decrypted. As stated above, the encryption takes place as a purchaser loads data into a shopping cart payment

process and the de-encryption occurs when the transaction reaches the processing center. None of this information is taught or made obvious by Morea. Therefore, Claim 1 is not obvious over Morea.

**Re Claim 2:** Morea discloses the system of Claim 1 wherein said system matches a zip code of said merchant to banks having zip codes nearby and sends an application to said banks for a quote (See Morea, Fig. 13, Claim 53).

With regards to Claim 2, the Examiner points to Claim 53 which states that the system can include buyer information which includes a zip code. Claim 2 requires that the system of the present invention matches the zip code of a merchant to a bank having the same zip code or a nearby zip code. This is not taught by Morea. Therefore Claim 2 is not obvious over Morea.

**Re Claim 3:** Morea discloses the system of Claim 1 wherein said banks include national syndicated banks, international banks and offshore banks (See Morea, ¶ [0003], [0031], [0041], [0071], Claims 10 and 36).

For the reasons stated above for Claim 1, Claim 3 is not obvious over Morea.

**Re Claim 6:** Morea discloses the system of claim 1 wherein a purchaser can interact with a processing center on-line in selecting alternative payment methods if said first form of payment chosen by a purchaser does not have available funds (See Morea, figs. 1-4).

Morea does not teach that first a purchaser interacts with a processing center and if they are denied from the processing center, alternative payment

methods can be found and such service can be done on line. For this reason Claim 6 is not obvious over Morea.

**Re Claim 7:** Morea discloses the system of claim 1 further comprising; a foreign currency exchange for a purchaser if an ACH form of payment has been selected (See Morea, ¶ [0003], [0031], [0041], [0071], claims 10 and 36).

For the reason stated above for Claim 1, Claim 7 is not obvious over Morea.

**Re Claim 12:** Morea discloses the system of claim 1 further comprising; said system electronically matching and clearing said transaction by moving funds out of said escrow into a merchant account (See Morea, ACH).

For the reasons stated above for Claim 1, Claim 12 is not obvious over Morea.

**Re Claim 13:** Morea discloses the system of claim 12 wherein said system provides notification to said purchaser that a time limit of said escrow has ended and allows said purchaser either to extend said escrow or request a refund of funds (See Morea, ¶ [0003], [0073]; claim 47).

Morea does not teach a time limit of the escrow and allowing the purchaser to extend the escrow or request a refund of the escrow. None of the paragraphs cited by the Examiner teach this. Therefore Claim 13 is not obvious over Morea.

**Re Claim 14:** Morea discloses the system of claim 1 further comprising; an accounting system that stores details of transactions for retrieval (See Morea, figs. 3-4).

Morea does not teach an accounting system which stores details of each of the transactions that occur. Therefore, Claim 14 is not obvious over Morea.

**Re Claim 15:** Morea discloses method for providing financial transactions on the Internet comprising (See Morea, method steps of Figs. 1-5): logging on to the Internet (See Morea, Fig. 4- Diagram connecting Buyer and Seller to the internet); providing a shopping cart selection and merchant account application (See Morea Fig. 4- Net marketplace; Fig. 7) linking an e-commerce shopping cart to a processing center (See Morea, Fig. 7 “process credit card payments for your webstore”); choosing a shopping cart (see Fig. 4- Net Marketplace); creating a merchant account (see Morea, Fig. 7); providing merchant account information (See Morea, Fig. 7); submitting said merchant account information to a bank (See Morea, Fig. 12); submitting said merchant processing request to processing centers for transaction processing quotes (See Morea, Fig. 2-Processing component; Fig. 6- Transaction Processing component);

notifying said merchant of banks who approved said merchant processing request and processing center and rates of said banks; and selecting said bank and processing center (See Morea, Figs. 3,4); providing a quote to said user (See Morea, Figs. 3, 4, [0030]); wherein if said user does not find what they need, the user is linked to external provider (Morea, Figs. 1-5, [0031] [0032]).

Morea fails to explicitly disclose a method: wherein if said user does not get a processing center quote, an ASP/e-commerce site programming organization downloads Internet service access processing engine and links said user to an e-commerce site.

It is old and well known in the art to provide users with information such as price quotes, and if unable to do so link users to other sites with the relevant information. Specifically, it is old and well-known to disclose a method wherein if said user does not get a processing center quote, an ASP/e-commerce site programming organization downloads Internet service access processing engine and links said user to an e-commerce site. For example, this is commonly used by companies such as Lending Tree, Priceline etc.

As suggested by Morea, one would have been motivated to create a trusted environment for user that is integrated with the internet marketplace.

Applicant disagrees that it would be obvious based on Morea that the system would link the user to an e-commerce site. Most sites if they do not fulfill

what they are capable of do not recommend the user to a competitor.

Therefore, it would be obvious nor is it recommended by Morea.

**Re Claim 16:** Morea discloses the method of claim 15 wherein said shopping cart is selected from the group consisting of an Internet service access processor combined shopping cart, or another shopping cart or e-commerce existing platform. (See Morea, Figs. 7-11)

For the reasons stated above for Claim 15, Claim 16 is not anticipated or obvious over Morea.

**Re Claim 17:** Morea discloses the method of claim 16 wherein said another type of shopping cart has a payment processing platform (see Morea, Figs. 7-11).

For the reasons stated above for Claim 15, Claim 17 is not obvious over Morea.

**Re Claim 18:** Morea discloses the method of claim 15 wherein if said user does not get a processing center quote, an ASP/e-commerce site programming organization downloads Internet service access processing engine and links this to an e-commerce site (See Morea, Fig. 5).

Claim 18 was previously cancelled.

**Re Claim 19:** Morea discloses the method of claim 18 wherein said Asp/e-commerce site programming organization performs a transaction test (see Morea, Fig. 5)

For the reasons stated above for Claim 15, Claim 19 is not obvious over  
Morea.

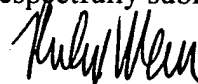
Applicant believes that the application is now in condition for allowance.

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Signature:

Name: Debbie Broderick

Respectfully submitted,



Philip M. Weiss  
Reg. No. 34,751  
Attorney for Applicant  
Weiss & Weiss  
300 Old Country Rd., Ste. 251  
Mineola, NY 11501  
(516) 739-1500

PMW:db